

Message Text

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43

ACTION EB-11

INFO OCT-01 AF-10 ISO-00 COME-00 TRSE-00 L-03 CIAE-00

INR-10 NSAE-00 RSC-01 DRC-01 (ISO) W

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R 101337Z JAN 74

FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC 7191

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E.O.11652: NA

TAGS: EFIN, ET

SUBJ: ALICO TAX PROBLEM

REF: ADDIS 12215

1. EMBASSY INFORMED OF MIN FIN DECISION ON REQUEST FOR ALICO TAX EXEMPTION DISCUSSED REFTEL AND PREVIOUS. AFTER THOROUGH REVIEW CASE, MIN FIN HAS DECIDED HE CANNOT GRANT REQUESTED TAX EXEMPTION WITHOUT SUBJECTING HIMSELF TO ACCUSATION OF DISCRIMINATORY APPLICATION OF IEG TAX LAWS. ITALIAN-FIRM GENERAL INSURANCE AGENCIES, SUBJECTED TO SAME INSURANCE DECREE AS ALICO, COMPELLED SELL INTERESTS TO NEW ETHIOPIAN CORPORATION, GENERAL INSURANCE COMPANY OF ETHIOPIA (S.C.). FORMER FIRM SOLD "GOOD WILL" FOR ETH\$100,000 ON WHICH INCOME TAX LIABILITY ACCRUED AND WAS PAID UNDER EXISTING IEG TAX LAW. MIN FIN HAS DETERMINED THAT THIS PRECEDENT MUST CONTINUE TO APPLY IN ALICO CASE.

2. AT SAME TIME, MIN FIN HAS DECIDED AND SO INSTRUCTED INLAND REVENUE ASSISTANT MINISTER MILLION THAT LENGTHY CONSIDERATION THIS MATTER RESPONSIBILITY OF IEG AND THAT NO TAX PENALTY SHOULD APPLY FOR LATE PAYMENT ON UNDERSTANDING THAT ALICO WILL NOW PROCEED WITH RAPID SETTLEMENT ACCORDING NORMAL PROCEDURES. MIN FIN UNDERSTANDS EMBASSY VIEW THAT SPECIFIC ASSESSMENT OF LIABILITY IS MATTER FOR DIRECT RESOLUTION BETWEEN IEG TAX AUTHORITIES AND ALICO. EMBASSY HAS INFORMED LOCAL ALICO REP OF ABOVE AND UNDERSTANDS REVIEW OF ASSESSMENT PRESENTLY BEFORE ETHIOPIAN TAX COURTS.

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3. PLEASE PASS ABOVE TO ALICO LEGAL REP O'LEARY IN NEW YORK.

4. FYI. MIN FIN PRIVATELY INFORMED EMBASSY OF HIS REGRET THAT HE WAS UNABLE BE MORE RESPONSIVE THIS MATTER. UNDER PRESENT CIRCUMSTANCES WHERE HE INVOLVED IN SIGNIFICANT TIGHTENING UP OF TAX ADMINISTRATION THROUGHOUT EMPIRE AND THEREBY CREATING MANY POWERFUL ENEMIES, ANY DEVIATION IN ADMINISTRATION OF IEG TAX LAWS WITHOUT AIR-TIGHT JUSTIFICATION WOULD SUBJECT HIM TO WIDESPREAD CRITICISM AT HIGHEST LEVELS OF IEG. ADAIR

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Message Attributes

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